

Message Text

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ORIGIN ARA-10

INFO OCT-01 ISO-00 EB-07 COME-00 TRSE-00 /018 R

DRAFTED BY ARA/ECP:WBURSON:LM

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ARA/ECA:TSHUGART

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P 282218Z OCT 76

FM SECSTATE WASHDC

TO AMEMBASSY BRASILIA PRIORITY

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E.O 11652: N/A

TAGS: ETRD, BR

SUBJECT:SIMON-SIMONSEN AGREEMENT ON SHOES

1. EMBASSY IS REQUESTED TO PASS TEXT OF FOLLOWING LETTER
FROM SECRETARY SIMON TO FINANCE MINISTER SIMONSEN.
ORIGINAL WILL FOLLOW.

2. BEGIN QUOTE. DEAR MARIO: I THOUGHT I'D SHARE WITH
YOU RECENT INFORMATION ON THE TIMING OF THE U.S. INTER-
NATIONAL TRADE COMMISSION'S ESCAPE CLAUSE INVESTIGATION ON
SHOES UNDERTAKEN AT THE REQUEST OF THE SENATE FINANC:
COMMITTEE. ALTHOUGH THE COMMISSIONERS ASKED THEIR STAFF
TO EXPEDITE THE INVESTIGATION, THE COMMISSION MOST LIKELY
WILL NOT MAKE A DETERMINATION UNTIL LATE JANUARY. THE
EXECUTIVE WOULD THEN HAVE SIXTY DAYS TO ACT ON THE COM-
MISSION'S RECOMMENDATION.

3. I HAVE SEEN BRAZILIAN PRESS ACCOUNTS QUOTING MINISTER
ILVEIRA WHICH SEEM TO CONFUSE THE COUNTERVAIL CASE ON
BRAZILIAN FOOTWEAR WITH THE INTERNATIONAL TRADE COM-
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MISSION'S NEW ESCAPE CLAUSE INVESTIGATION INTO WHETHER

SHOE IMPORTS FROM ALL SOURCES ARE INJURING THE U.S. INDUSTRY. THESE ARTICLES MENTION THE OPENING OF THE ESCAPE CLAUSE CASE AND THEN GO ON TO SAY I MADE A COMMITMENT TO YOU NOT TO RE-EXAMINE THE SHOE CASE UNTIL THE END OF 1977. AS YOU REMEMBER, OUR AGREEMENT WAS TO DELAY RE-EXAMINING THE AMOUNT OF THE COUNTERVAILING DUTY ASSESSMENT ON BRAZILIAN FOOTWEAR UNTIL THE END OF 1977 IN RETURN FOR YOUR COMMITMENT TO ELIMINATE THE PAYMENT OF ICM CREDITS ON FOOTWEAR ON JANUARY 1, 1977. THE U.S. INTERNATIONAL TRADE COMMISSION'S ESCAPE CLAUSE INVESTIGATION IS A SEPARATE MATTER AND SHOULD OF COURSE HAVE NO EFFECT ON THE MUTUAL OBLIGATIONS WE ASSUMED AS A RESULT OF OUR MAY AGREEMENT. I UNDERSTAND THAT THE U.S. EMBASSY IN BRASILIA HAS DISCUSSED THIS MATTER WITH APPROPRIATE OFFICIALS OF YOUR GOVERNMENT, BUT I AM CONCERNED THAT THIS APPARENT MISUNDERSTANDING BE RESOLVED WITHOUT DELAY.

4. AS ALWAYS, IT WAS A PLEASURE SEEING YOU AT THE BANK/FUND MEETING. I LOOK FORWARD TO SEEING YOU AGAIN SOON.

5. WITH BEST REGARDS, SINCERELY YOURS, SIGNED/WILLIAM E. SIMON. END QUOTE. KISSINGER

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